

NEW ZEALAND CONSUMER LAW PRACTICE EXAM (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What is the objective of the Consumer Protection Programme?**
 - A. To promote competition among businesses
 - B. To ensure fair trading practices and protect rights
 - C. To assist businesses in maximizing profit
 - D. To limit the number of consumer complaints received
- 2. Do consumer rights under the Consumer Guarantees Act apply to second-hand goods?**
 - A. Yes, they do, but satisfaction may vary based on condition
 - B. No, they only apply to new goods
 - C. Only partially, depending on the seller
 - D. Yes, but only if the goods are certified
- 3. What does the Consumer Guarantees Act require from sellers regarding the quality of goods?**
 - A. Must be advertised at a lower price
 - B. Must be of acceptable quality
 - C. Can be sold regardless of quality
 - D. Only new items are covered
- 4. What does the term 'false feedback' refer to in consumer terms?**
 - A. Genuine reviews from verified customers
 - B. Paid advertisements for products and services
 - C. Misleading or fabricated reviews and testimonials about a product or service
 - D. Unbiased opinions expressed by industry experts
- 5. What type of claims does Section 9(1) of the CGA 1993 protect against?**
 - A. Claims about a product's recipe
 - B. Claims regarding product packaging
 - C. Claims that goods comply with their description
 - D. Claims relating to customer service quality

- 6. What is a 'layby' agreement and its regulations under consumer law?**
- A. A layby agreement allows a consumer to pay for goods in installments before receiving them
 - B. A layby agreement prohibits any form of payment until goods are received
 - C. A layby agreement is limited to a maximum of two payments
 - D. A layby agreement requires an immediate payment of half the total price
- 7. When is it acceptable for a business to refuse a refund?**
- A. If the customer simply changes their mind
 - B. If the product is not faulty and meets the description
 - C. If the customer is rude during the return process
 - D. If the business has a no-refund policy
- 8. What should consumers do if they encounter false advertising?**
- A. Ignore it, as it is not their concern
 - B. Report it to the relevant authorities for investigation
 - C. Share it on social media to warn others
 - D. Seek compensation directly from the business
- 9. What was concluded about the statement regarding financial assets in the case of Red Eagle Corporation v Ellis?**
- A. It was found to be factual
 - B. It led to an effective cause of loss
 - C. It was not relevant to the case
 - D. It was a minor detail
- 10. What must businesses do to comply with the Consumer Guarantees Act?**
- A. Provide goods and services that meet guaranteed standards consistently
 - B. Offer discounts on all products
 - C. Ensure that services are completed within a week
 - D. Provide a return policy for unsatisfied customers

Answers

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1. B
2. A
3. B
4. C
5. C
6. A
7. B
8. B
9. B
10. A

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Explanations

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1. What is the objective of the Consumer Protection Programme?

- A. To promote competition among businesses
- B. To ensure fair trading practices and protect rights**
- C. To assist businesses in maximizing profit
- D. To limit the number of consumer complaints received

The objective of the Consumer Protection Programme is primarily focused on ensuring fair trading practices and protecting the rights of consumers. This includes legislation and measures designed to safeguard consumers from unfair or unethical business practices, ensuring that they have access to accurate information, and providing remedies in cases of exploitation or misinformation. This answer reflects the core purpose of consumer law in New Zealand, which seeks to maintain a balance between business interests and consumer rights. By prioritizing fair trading practices, the programme helps to create a marketplace where consumers can make informed decisions, fostering trust in the economy. The protection of consumer rights also includes aspects such as redress mechanisms for disputes, which further strengthens consumer confidence. The other options do not encapsulate the primary aim of the Consumer Protection Programme. Promoting competition among businesses is a related goal, but it does not directly address consumer protection issues. Assisting businesses in maximizing profit is not aligned with the objectives of consumer protection; rather, it is more business-centric. Limiting the number of consumer complaints received focuses on a reactive approach rather than proactively ensuring fair practices and protecting rights. Thus, while those aspects may be relevant to the business environment, they are not the main objectives of consumer protection initiatives.

2. Do consumer rights under the Consumer Guarantees Act apply to second-hand goods?

- A. Yes, they do, but satisfaction may vary based on condition**
- B. No, they only apply to new goods
- C. Only partially, depending on the seller
- D. Yes, but only if the goods are certified

Consumer rights under the Consumer Guarantees Act do extend to second-hand goods, which is reflected in the correct answer. The Act provides guarantees for goods and services, including those that are second-hand, meaning that consumers are protected regardless of whether they purchase new or pre-owned items. However, the satisfaction of these guarantees may be influenced by the condition of the second-hand goods. For example, if a consumer buys a second-hand appliance, the expectations for performance or quality might be different than for a new one, as consumers generally understand that pre-owned items may have wear and tear. The law acknowledges the varying conditions of second-hand products, which can affect the extent to which the guarantees apply. Therefore, while consumers are entitled to rights and protections under the Act for second-hand goods, the reality of the item's condition plays a significant role in the realization of those rights.

3. What does the Consumer Guarantees Act require from sellers regarding the quality of goods?

- A. Must be advertised at a lower price
- B. Must be of acceptable quality**
- C. Can be sold regardless of quality
- D. Only new items are covered

The Consumer Guarantees Act imposes a requirement on sellers to ensure that the goods they supply are of acceptable quality. This means that the products must meet certain standards that a reasonable person would expect, taking into consideration factors such as the nature of the goods, their price, and any representations made about them. Acceptable quality encompasses attributes such as being free from defects, safe, durable, and fit for purpose. This provision is essential in protecting consumers by ensuring they receive goods that meet their expectations and are fit for everyday use. The law recognizes the importance of maintaining consumer trust and ensures that sellers are held accountable for the quality of the products they offer. In contrast, the other options do not align with the core principles of the Consumer Guarantees Act, as it specifically emphasizes quality rather than pricing, the condition of goods, or whether items are new or used. Understanding this requirement helps consumers feel confident that they will receive goods that are satisfactory and reliable.

4. What does the term 'false feedback' refer to in consumer terms?

- A. Genuine reviews from verified customers
- B. Paid advertisements for products and services
- C. Misleading or fabricated reviews and testimonials about a product or service**
- D. Unbiased opinions expressed by industry experts

The term 'false feedback' in consumer terms specifically refers to misleading or fabricated reviews and testimonials about a product or service. This concept undermines the foundational principles of consumer trust and informed decision-making. When potential buyers rely on reviews and feedback to assess a product, false feedback can distort their perceptions, leading to poor purchasing decisions based on inaccurate or deceptive information. In the context of consumer laws, especially in jurisdictions like New Zealand, protecting consumers from false feedback is essential to ensure fair trading practices. These regulations aim to foster transparency and honesty in advertising and marketing, which are critical for maintaining market integrity. Thus, recognizing false feedback as misleading information highlights the importance of accurate representation in consumer reviews.

5. What type of claims does Section 9(1) of the CGA 1993 protect against?

- A. Claims about a product's recipe
- B. Claims regarding product packaging
- C. Claims that goods comply with their description**
- D. Claims relating to customer service quality

Section 9(1) of the Consumer Guarantees Act 1993 (CGA) is pivotal in consumer law as it establishes that goods supplied to consumers must be of acceptable quality and fit for their intended purpose. Specifically, it protects consumers against claims that goods comply with their description. This means that when consumers purchase a product, they are entitled to receive what has been explicitly described by the seller—whether that description pertains to the features, quality, brand, or performance of the product. If a product does not align with its description, this could be deemed misleading or false advertising, thereby giving consumers the right to seek remedies under the CGA. This protection is essential in preventing misleading conduct and ensuring fairness in trade, as it holds sellers accountable for the representations they make regarding their products. In the context of the other claims mentioned, while they are relevant in considering consumer experiences, they do not fall under the specific protections outlined in Section 9(1). Claims about a product's recipe, product packaging, or customer service quality, while important, do not directly relate to the essential understanding that goods must meet the description provided at the point of sale. Therefore, the focus of Section 9(1) is crucially on the alignment of

6. What is a 'layby' agreement and its regulations under consumer law?

- A. A layby agreement allows a consumer to pay for goods in installments before receiving them**
- B. A layby agreement prohibits any form of payment until goods are received
- C. A layby agreement is limited to a maximum of two payments
- D. A layby agreement requires an immediate payment of half the total price

A layby agreement is a consumer protection mechanism allowing consumers to reserve goods by making payments in installments over a period of time before the goods are handed over. This arrangement typically allows the consumer to pay off the total price before taking possession of the item, providing a flexible option for those who may not be able to afford an item upfront. Under New Zealand consumer law, particularly the Fair Trading Act and the Consumer Guarantees Act, layby agreements are regulated to ensure transparency and fairness. Key regulations require retailers to provide specific information about the agreement, including details on what will happen if the consumer fails to complete the payments or decides to cancel the agreement. If a layby agreement is canceled, the consumer is entitled to a refund of any money paid minus any reasonable cancellation fees, maintaining a level of protection for the consumer. The other options fail to accurately reflect the nature of layby agreements as defined under consumer law. For instance, prohibiting any form of payment until goods are received contradicts the very essence of a layby agreement, which is based on installment payments and delayed product delivery. The limitations on the number of payments and immediate payment conditions also mischaracterize the legal framework surrounding layby agreements, which does not impose such restrictions. This comprehensive understanding

7. When is it acceptable for a business to refuse a refund?

- A. If the customer simply changes their mind
- B. If the product is not faulty and meets the description**
- C. If the customer is rude during the return process
- D. If the business has a no-refund policy

A business is within its rights to refuse a refund when the product is not faulty and accurately matches the description provided at the time of sale. In New Zealand, the Consumer Guarantees Act ensures that consumers have certain rights when purchasing goods and services. If a product is as described, fit for purpose, and of acceptable quality, the consumer does not automatically have the right to a refund simply if they change their mind. When determining refund policies, businesses must consider the conditions set out in consumer protection laws. If a product is satisfactory and meets all criteria of the sale, the business has the right to maintain that the sale is final and a refund is not warranted. This principle protects businesses against unnecessary financial loss and encourages consumers to make thoughtful purchasing decisions. The other choices illustrate scenarios that do not justify a refusal of a refund under the Consumer Guarantees Act. For instance, simply changing one's mind or having a no-refund policy does not absolve the business of providing a refund for products that do not meet the necessary quality or description standards. Rudeness from a customer also does not constitute a legitimate reason to deny a refund, as customer service should handle all returns professionally, irrespective of the customer's demeanor.

8. What should consumers do if they encounter false advertising?

- A. Ignore it, as it is not their concern
- B. Report it to the relevant authorities for investigation**
- C. Share it on social media to warn others
- D. Seek compensation directly from the business

When consumers encounter false advertising, reporting it to the relevant authorities for investigation is the appropriate course of action. This ensures that the claims are scrutinized and that any misleading practices can be officially addressed. In New Zealand, consumer protection laws, including the Fair Trading Act, are designed to protect consumers from misleading and deceptive conduct in trade. By notifying the relevant authorities, consumers help enforce these laws and contribute to holding businesses accountable for their marketing practices. This action not only aids in potentially curbing the specific instance of false advertising but also helps in preventing future occurrences, thereby upholding consumer rights and marketplace integrity. Authorities such as the Commerce Commission are equipped to investigate such complaints thoroughly, which individuals may not be able to do on their own. Options that suggest ignoring the issue, sharing on social media, or seeking direct compensation from the business may not be effective or responsible ways to deal with false advertising. Ignoring the issue does not address the harmful implications for other consumers. While sharing on social media can inform others, it may not result in a resolution or lead to corrective action being taken in a formal way. Seeking compensation directly could lead to disputes and may not yield satisfactory outcomes if the business does not acknowledge fault. Thus, reporting to the authorities establishes a formal

9. What was concluded about the statement regarding financial assets in the case of Red Eagle Corporation v Ellis?

- A. It was found to be factual
- B. It led to an effective cause of loss**
- C. It was not relevant to the case
- D. It was a minor detail

In the case of Red Eagle Corporation v Ellis, the conclusion drawn was that the statement regarding financial assets directly related to the cause of loss that affected the parties involved. This indicates that the statement had significant implications, as it was a contributing factor that resulted in financial harm or detriment to one of the parties. The relationship between the statement and the loss underscores the importance of truthful disclosures in financial transactions, as misrepresentations can lead to substantial consequences, both legally and practically. In this case, the statement's influence and impact on the loss experienced emphasized the need for accuracy and honesty in financial dealings, reinforcing the principles of consumer protection and fair trading in New Zealand law. This outcome suggests that any statement regarding financial assets can be integral to understanding both the responsibility of the parties and the implications of their actions in a legal context.

10. What must businesses do to comply with the Consumer Guarantees Act?

- A. Provide goods and services that meet guaranteed standards consistently**
- B. Offer discounts on all products
- C. Ensure that services are completed within a week
- D. Provide a return policy for unsatisfied customers

Under the Consumer Guarantees Act (CGA), businesses are required to provide goods and services that meet certain guaranteed standards. This means that products must be of acceptable quality, fit for purpose, and match their description. The Act establishes minimum guarantees that must be met when consumers purchase goods and services, ensuring that consumers receive a level of protection that is fair and reasonable. By meeting these guaranteed standards consistently, businesses can build trust and satisfaction among consumers, as they can expect products and services to function as promised and meet their needs. This compliance is a fundamental aspect of consumer protection in New Zealand and helps to promote fair trading within the marketplace. In contrast, the other options do not reflect the specific requirements set out in the CGA. Offering discounts is not a compliance requirement—rather, it is a marketing strategy. Similarly, completing services within a week is not a standard mandated by the CGA, as the timing may vary based on the nature of the service. Lastly, providing a return policy is often advantageous for customer satisfaction but is not expressly required by the CGA as a means of compliance.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://nzconsumerlaw.examzify.com>

We wish you the very best on your exam journey. You've got this!

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